



Morning Energy, powered by America's Natural Gas Alliance: Romney gets heat from Steele over EPA stance - Salazar to make Grand Canyon mining freeze official - There's no Tebow like the present - High-speed drama in California

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By Patrick Reis | 1/9/12 5:42 AM EST

SEARCHING FOR THE SWEET SPOT - Romney passed on a chance Sunday to take a clear shot at the EPA in the last debate before the New Hampshire primary.

Asked during the "Meet the Press" debate Sunday about GOP-led attempts to halt EPA's Cross-State Air Pollution Rule, which clamps down on power plant pollution drifting into the Northeast, Romney first said he wasn't familiar with the specifics "as it applies to New Hampshire."

"But I do believe we have a responsibility to keep the air clean and we have to find ways to ensure that we don't have the pollution of one state overwhelming the ability of another state to have clean air," Romney said before tacking on a plug for natural gas development.

GUESS WHO DIDN'T LIKE IT: Former RNC Chairman Michael Steele, who wrote on Twitter: "Dude, you're in NH and GOP has argued for eliminating EPA."

CAP-AND-TRADE TALK - Rick Santorum, meanwhile, cited his opposition to cap and trade in a package of issues that he said set himself apart from Romney as a true conservative. "If you want someone that's a clear contrast, that has a strong record, has a vision for this country ... then I'm the guy that you want to put in the — in the nomination," the former senator said. Samuelsohn keeps a close eye on the debates for Pros: <http://politico.pro/wnQQJu>.

HAPPY MONDAY and welcome to Morning Energy, where your host — with apologies to the city of Pittsburgh — has an admission to make: He's now on Team Tebow.* Perhaps it's the unrestrained joy of a 24-year-old, perhaps it's the Tebowing, or perhaps it's because your host spells with the same accuracy that Tebow passes, and yet we both do just well enough to keep our jobs for one more week. Send your host well-deserved grief for shameless bandwagoning — as well as your best energy news — at preis@politico.com.

* Does not apply if Tebow's beliefs run up against your host's own religion: The Church of Lambeau.

GRAND CANYON CALL - Interior Secretary Ken Salazar today will announce a 20-year ban on new mining claims on about 1 million acres of federal land surrounding Grand Canyon National Park. The announcement is coming at a 1 p.m. event at the National Geographic Museum. Your host was let out of the basement just long enough Thursday to get the details for Pros: <http://politico.pro/xzBtrT>.

OFF THE RAILS? As its once-touted high-speed rail program becomes a punching bag for conservatives, some are questioning whether California can keep its rail dreams alive. In the past few months, the project has been dogged by delays, inflated costs and buyer's remorse — but the rail line's proponents, led by Democratic Gov. Jerry Brown, are leading a countercharge. Morning Transportation's Burgess Everett and Adam Snider have the story for Pros: <http://politico.pro/xq6vjh>.

THEY SHALL NOT TRUCKLE - Venezuela's Hugo Chavez says his country will not recognize the decision of a World Bank tribunal in a multibillion-dollar dispute between the South American nation and ExxonMobil Corp. Exxon is seeking \$12 billion in compensation for assets that were seized in 2007. Venezuela is facing approximately 20 cases before the bank's tribunal — all related to recent state takeovers — but the government issued a statement saying Chavez was referring only to the specific Exxon case. Reuters: <http://reut.rs/yw1EaV>.

GEARING UP - Canada is set to start a year's worth of public hearings on the Enbridge Inc. "Northern Gateway" pipeline that would connect Alberta's oil sands with Pacific ports, a north-of-the-border struggle that mirrors the clash over Keystone XL. Wall Street Journal: <http://on.wsj.com/wAlVi3>.

** A message from America's Natural Gas Alliance: ANGA member companies support public disclosure of the additives used in the hydraulic fracturing process through the state-run fracfocus.org website. Learn more about this resource. <http://bit.ly/qAVAEj> **

BRING ON THE EPA - While other coal-fired power plant operators are fighting EPA's air quality rules, Constellation Energy is welcoming the new regime. The utility spent \$885 million to retrofit a Baltimore-area power plant, and it "did it with the expectation that there would be a federal regime, and we still have that expectation," says company spokesman Paul Allen. But those expectations will have to wait, as EPA's cross-state air rule is currently on hold, pending litigation in federal court. The New York Times: <http://nyti.ms/xq2wV1>.

BACK TO DIMOCK — The EPA may begin trucking drinking water to households in Dimock, Pa., where fracking critics allege local natural gas development has rendered local water unsafe for use. Local energy developer Cabot Oil & Gas Corp. had been delivering water but stopped in November with permission from state regulators. The EPA declared the water supplies safe, Reuters reports, but is now re-evaluating that decision after receiving new information from town residents: <http://reut.rs/A4laJk>.

ONE IN THE CHAMBER — U.S. Chamber of Commerce President Tom Donohue delivers his organization's annual State of American Business on Thursday, when energy exploration, EPA regulations and the Keystone XL pipeline are expected to figure prominently in his address. The speech is scheduled for 9 a.m. Thursday at the Chamber Headquarters, 1615 H St. NW.

FOR YOUR RADAR — The Office of Surface Mining and the Bureau of Land Management will hold a series of public meetings on the Interior Department's plan to incorporate OSM into BLM. The first meeting is Jan. 17 in St. Louis. (Full schedule:

<http://on.doi.gov/vS66Ce>). Robin Williams — as Adrian Cronauer — breaks down the situation: <http://bit.ly/x1MXAu>.

EXXON, SALAZAR SETTLE — ExxonMobil and the Interior Department have reached a settlement in the oil company’s suit over canceled offshore leases. Interior canceled Exxon’s “Julia” unit and later said the company had not demonstrated a commitment to producing the lease, but the new agreement calls on Exxon to develop the lease as “quickly as possible using a phased approach,” said company spokesman Patrick McGinn. New York Times: <http://nyti.ms/x9ZpiE>.

MOST LIKELY UNINTENTIONAL — A recent BP ad highlighting the company’s post-spill restoration work includes an accidental cameo from anti-BP protesters. Time: <http://ti.me/xVylN2>.

SOLYNDRA QUESTION — If Romney is responsible for layoffs resulting from his work at Bain Capital, is Obama “responsible for laying off the people of Solyndra?” Fox News host Chris Wallace asked Debbie Wasserman Schultz Sunday. Her response: “No, because the President wasn’t the CEO of Solyndra.” Talking Points Memo gives its take (Spoiler Alert: They’re unimpressed by the comparison) on the question, which got some GOP buzz over the weekend: <http://bit.ly/ygVUUF>.

ON THE BRIGHT SIDE, WITH THEM ALL IN ONE BASKET, OUR EGGS WILL BE A LOT EASIER TO LOOK

AFTER — A planned pipeline that would allow the United Arab Emirates to bypass the Strait of Hormuz has been delayed and won’t be ready until at least April, according to project officials. The pipeline would have provided the U.A.E. with an alternative export route at a time when Iran is threatening to close the strait amid a dispute over the country’s nuclear program. Bloomberg: <http://bloom.bg/z3Imf1>.

AND WHO DOESN’T LOVE A GOOD PLATE OF SCRAMBLED EGGS? State-run media in Iran is reporting the country has found a secure site — shielded from western air strikes — to enrich uranium. AP via NPR: <http://n.pr/wymJIn>.

TEXAS TOAST — Texas experienced its driest and second-hottest year on record in 2011, according to the National Weather Service. Reuters: <http://reut.rs/AmEeLg>.

WHAT TO WATCH AT 6 P.M. TONIGHT — POLITICO’s Mike Allen and Jim VandeHei host a conversation with Ovide Lamontagne, New Hampshire GOP gubernatorial candidate, and a media roundtable with Dan Balz of The Washington Post, Candy Crowley of CNN, Jonathan Karl of ABC News and Chuck Todd of NBC News.

BIG WHOOP — Ultralight aircraft flights used to escort whooping cranes on their annual migration have been put on hold while the FAA investigates complaints that the planes are in violation of federal rules. New York Times: <http://nyti.ms/wC0VXS>.

TWO-MINUTE DRILL

-- Riots in Nigeria over exploding gas costs — the result of recently ended fuel subsidies — may shut down ports and prevent Shell’s oil operations in the country. Bloomberg: <http://bloom.bg/AC0glb>.

-- Debris is hitting New Zealand beaches after a 774-foot cargo ship that crashed on a coral reef in October finally split apart over the weekend. The ship has already leaked up to 350 metric tons of oil, making it the worst spill in New Zealand history. Bloomberg: <http://buswk.co/AeNexU>.

-- China is considering creating an energy super-ministry when it reshuffles its cabinet in 2013. Reuters: <http://reut.rs/x3xmpu>.

-- China’s state-run Sinochem Group has a deal to expand its ownership of Brazil’s offshore petroleum fields. Wall Street Journal: <http://on.wsj.com/A0ksgO>.

-- If someone wants you to invest in a wind turbine company claiming that the Nigerian government (perhaps a local prince?) has placed a \$1 billion order, ask for proof. That was the theme of a recent West Coast scam. LA Times: <http://lat.ms/xHgh1S>.

-- A Japanese grain trading company, Marubeni Corp., is investing \$1.3 billion in Texas shale fields. Bloomberg: <http://bloom.bg/wBqPvS>.

TODAY’S RUNDOWN

8 a.m. — Physicians Scientists and Engineers for Healthy Energy and the Mid-Atlantic Center for Children’s Health and the Environment host a forum on health questions surrounding unconventional natural gas development. Waterview Conference Center, 1919 North Lynn St., Arlington, Va.

8:30 a.m. — The EPA Science Advisory Board meets to peer review EPA’s Integrated Science Assessment for Ozone and Related Photochemical Oxidants. <http://1.usa.gov/u4KNWE> Research Triangle Park, N.C.

9 a.m. — The State Department hosts a panel forum to discuss the impacts of Himalayan glacier melt. 2201 C St. NW.

10 a.m. — The Supreme Court will hear oral argument in the case of Sackett v. EPA, a case with implications for the breadth of EPA’s Clean Water Act authority. Supreme Court.

1:30 p.m. — The Georgetown University Law Center hosts a forum to discuss Sackett v. EPA. 120 F St. NW.

8:30 p.m. — Alabama and LSU face off in The BCS National Championship. Your host won’t pretend to know much about college football, but this is America, a free country where a lack of knowledge is no excuse for failing to shout a loud opinion. ME’s take: The Packers win in a six-game sweep.

THAT’S ALL FOR ME, but before signing off, a timeless international tune from your oh-so-erudite host: <http://bit.ly/2dqF4T>.

** A message from America’s Natural Gas Alliance: One solution for more abundant domestic energy is staring us in the face. Natural gas is the natural choice — now and in the future. We know we need to use cleaner, American energy. And, we have it. Today, the U.S. has more natural gas than Saudi Arabia has oil, giving us generations of this clean, domestic energy source. Natural gas supports 2.8 million American jobs, most states are now home to more than 10,000 natural gas jobs. As Congress and the Administration look for ways toward a cleaner tomorrow, the answer is right here: natural gas. Learn more at www.anga.us. And, follow us on Twitter @angaus. **

Stories from POLITICO Pro

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Romney dodges EPA question in N.H. [back](#)

By Darren Samuelsohn | 1/8/12 6:25 PM EST

Mitt Romney stepped out on a ledge of sorts Sunday, punting on a chance to take a clear shot at the EPA in the last debate before the New Hampshire primary.

Asked during the ["Meet the Press" debate](#) about GOP-led attempts to halt EPA's Cross-State Air Pollution Rule, which clamps down on power plant pollution drifting into the Northeast, Romney first said he wasn't familiar with the specifics "as it applies to New Hampshire."

"But I do believe we have a responsibility to keep the air clean and we have to find ways to ensure that we don't have the pollution of one state overwhelming the ability of another state to have clean air," Romney said.

To curb air pollution, Romney also talked up the need to tap into natural gas reserves found in Pennsylvania, North Dakota, South Dakota and Texas.

"If we want to help people in New England have — not only homes and businesses that emit less pollutant into the air, and therefore would have cleaner air, and also have lower-cost energy ... let's build out this natural gas system so that we can take advantage of that new enormous source of American economic strength," he said.

Romney's dodge in directly answering the question about whether he would support halting the EPA regulation drew criticism from former Republican National Committee Chairman Michael Steele, who wrote on Twitter: "Dude, you're in NH and GOP has argued for eliminating EPA."

Trying to draw a contrast with Romney, former Pennsylvania Sen. Rick Santorum went on the attack during Saturday night's [debate](#) by lumping together his long-standing opposition to cap-and-trade legislation, health care and Wall Street bailouts — all areas that he said differentiate himself from the former Massachusetts governor.

"If you want someone that's a clear contrast, that has a strong record, has a vision for this country that's going to get this country growing and appeal to blue-collar workers in Pennsylvania, in Ohio, in Michigan, in Indiana and deliver that message, that we care about you, too, not just about Wall Street and bailing them out, then I'm the guy that you want to put in the — in the nomination," Santorum said.

Romney didn't bite in his response to the cap-and-trade barb — avoiding the nuance that his administration helped establish a regional program to cap greenhouse gases from power plants only to later back away from its implementation because of cost concerns.

Instead, Romney talked up expansion of U.S. trade relationships, developing domestic energy resources and using his private-sector experience to help weed through government rules he'd eliminate.

"I know what regulations kill and which regulations help enterprise," Romney said. "And I want to use the expertise to get America working again."

For his part, Texas Rep. Ron Paul kept up his attacks on Santorum's conservative credentials Saturday night by highlighting the former lawmaker's support for earmarks and later for becoming a "high-powered lobbyist" after losing his Senate seat in 2006.

"So to say you're a conservative, I think, is a stretch," Paul said. "But you've convinced a lot of people of it, so somebody has to point out your record."

Santorum countered that he is not a lobbyist; rather, he's been a consultant working on "causes that I believe in," including health care, Iran and in opposing cap-and-trade legislation on behalf of Consol Energy.

"I asked — I said, look, I want to join you in that fight," Santorum said of the Pittsburgh-based coal and natural gas company that paid him \$142,500. "I want to work together with you. I want to help you in any way I can to make sure we defeat cap and trade. And so I engaged in that battle. And I'm very proud to have engaged in that battle."

Former Utah Gov. Jon Huntsman said he would not support funding cuts or the elimination of the Low Income Home Energy Assistance Program, a popular program in the region which relies heavily on oil for heating homes in the winter. President Barack Obama and Congress have cut the program by about 25 percent as part of overall fiscal belt tightening.

Huntsman said he favored working on a longer-term solution for the region that required breaking up a "one product distribution bias" favoring oil.

"If we're gonna do what this nation needs to be done, in terms of using a multiplicity of products that we have in such diversity and abundance, and get them to the customers, we're gonna have to break up that one product distribution monopoly," he said. "I want to do to that oil distribution monopoly what we did to broadcast communication in the early 1970s. We blew it apart."

Asked the same question about eliminating LIHEAP, Paul called for energy deregulation and an end to energy subsidies.

Newt Gingrich on Sunday broached the local energy issue by slamming the White House.

“Under Obama, 2011 was the highest price of gasoline in history,” he said. "It is a direct result of his policies, which kill jobs, raise the price of heating oil and gasoline, weaken the United States, increase our dependence on foreign countries, and weaken our national security in the face of Iran trying to close the Strait of Hormuz."

Gingrich called for “opening up in a Reagan tradition and using massive development of American energy. There's 3.2 percent unemployment in North Dakota. There's a hint here."

Asked about his plans to dismantle EPA and replace it with a new "Environmental Solutions Agency," Gingrich called the agency “increasingly radical. It's increasingly imperious. It doesn't cooperate. It doesn't collaborate. And it doesn't take into account economics."

To defend his plan, Gingrich repeated GOP and industry arguments that EPA is planning to regulate farm dust as part of a proposal for stronger air pollution standards. Obama officials have repeatedly stated they have no intentions of regulating farm dust.[back](#)

Mining moratorium coming to Grand Canyon [back](#)

By Patrick Reis | 1/5/12 6:13 PM EST

The Interior Department is planning a 20-year ban on new mining claims on about 1 million acres of federal land surrounding Grand Canyon National Park.

Interior Secretary Ken Salazar is set to announce the moratorium at a Monday event at the National Geographic Museum in D.C., sources confirmed to POLITICO.

Existing mining claims will still be able to be developed, and eight mines have been developed in the area over the past two decades, according to an Interior Department official.

The moratorium is a major victory for environmentalists, who have argued that further developing the area’s uranium deposits threatens to poison the park’s waterways.

Arizona Republicans and the mining industry argue there is no evidence that the development would contaminate the park and have several times attacked the possible moratorium, including in a rider to a 2010 budget bill that would have stopped Interior from putting the ban in place. That rider was excluded from the final omnibus spending compromise.

The long-standing struggle over mining in the region has grown more intense in recent years, as the ranks of would-be miners swelled in response to rising uranium prices.

Facing political pressure and lawsuits from environmental groups, Interior has been operating under a series of short-term bans since 2009 while studying the long-term proposal.

E&E News first reported the decision Thursday afternoon.

Darren Goode contributed to this report.[back](#)

High-speed dreams stuck on local track [back](#)

By Burgess Everett and Adam Snider | 1/9/12 5:31 AM EST

How much longer can California take the withering criticism and negative media coverage before its high-speed rail dreams go bust?

The negative headlines are beyond a drumbeat at this point, and the size and importance of the nation’s lone fast train project has it out on an island. What was once a model for the American future in high-speed passenger rail is instead becoming a punching bag for conservatives.

A sampling of the news hitting the project in recent months:

- [Last November](#), officials admitted the project would cost nearly \$100 billion — triple early estimates — and would be delayed another 13 years to 2033.
- [December polls](#) found California voters regret their 2008 vote to approve a \$10 billion bond measure for the project
- The House Transportation & Infrastructure Committee held a hearing where Republicans strongly criticized the program; members of both parties later requested a GAO investigation into the financial viability of the project.
- [After the hearing](#), Rep. Jeff Denham (R-Calif.) accused Federal Railroad Administration chief Joe Szabo of lying about his agency’s work with the Legislative Analyst’s Office.

But perhaps the most damaging development was [a report released last week](#) by the California High-Speed Rail Peer Review Group, which concluded the state shouldn’t offer the \$2.7 billion in bond money to be used in conjunction with federal funds to create the initial 130-mile segment of high-speed rail in the state’s Central Valley region.

California Gov. Jerry Brown told reporters Thursday that some of the objections raised by the group "were not that well founded."

"I'm of the view that this is a time for big ideas, not shrinking back and looking for a hole to climb into," he said. "I think we've got to move forward."

And California High-Speed Rail Authority chairman Tom Umberg offered a blistering rebuttal to the peer review group, writing in [an eight-page response](#) that “by and large this report is deeply flawed, in some areas misleading and its conclusions are unfounded ... most egregious errors and unsupported assertions would have been avoided with even minimal consultation with the CHSRA.”

Apart from the Acela service in Northeast Corridor, which through incremental improvements has become the fastest train line in the

country, the California project is the only of its kind in the nation, making it a prime target for conservatives' election-year rhetoric. Their critiques are "unfair" but "expected," said Robert Cruickshank, a board member with Californians For High Speed Rail and writer for the California High Speed Rail Blog.

"It's obviously motivated by partisanship. President Obama made high-speed rail a high priority," he said of GOP assaults. "California is sort of the last man standing after Florida abandoned theirs and others abandoned theirs."

Plus, Cruickshank said political support from Brown has made the project an "attractive target." So too is the fact that high-speed rail is exotic and unfamiliar to most Americans.

"Freeway projects become massive boondoggles all the time," he said. "Those things go over budget regularly. But people are used to it."

"I believe that unfortunately in this heated partisan climate that politics has overwhelmed policy," Umberg said. "Understandably there's going to be scrutiny of a project this large. We welcome that kind of scrutiny. We're also mindful of the fact that California sometimes can be an easy target politically."

The Wall Street Journal editorial board wrote in the report's wake that "the case for the bullet train was iffy from the start and is now beyond salvation."

As a bonus, the paper gave critics a catchphrase to describe the project: "Solyndra on Rails."

Umberg called that characterization "ridiculous."

"I'm not an expert on Solyndra. But [high-speed rail] has been in the planning stage for more than a decade. Voters approved almost a \$10 billion bond measure in 2008. Our infrastructure is already strained. By the year 2030 when we have 50 million people in the state our infrastructure will break down unless we do something," Umberg said in an interview, during which he also defended the governor. "We're fortunate to have a governor with the vision and courage to remain a strong supporter of the project."

Umberg also rebuffed a Los Angeles Times story that questioned whether a long-discussed backup plan to run Amtrak trains on the initial segment should the 800-mile network fall short was actually viable. Amtrak officials told the paper that they have "not been directly involved in the design or development of the system." When asked if the CHSRA has been speaking to Amtrak about 130-mile Central Valley corridor backup plan, Umberg replied "absolutely."

High-speed rail in California has been pulled back from the jaws of death before. In 2007, former Gov. Arnold Schwarzenegger tried to defund the CHRSA and take the bond question (eventually passed) off the 2008 ballot. Cruickshank's group helped stave off those attempts, which represented more of threat to the project than the current black cloud over the authority.

That's not to say there isn't a sense of worry pervading Sacramento and the CHRSA.

"They are well aware of the problems they face. They're not naive. They understand political considerations," Cruickshank said.

So is the project truly in danger?

"The feeling is that high-speed rail will be built in California at some point," he said. "The question is are we going to do it in the near future ... or will it be delayed indefinitely and we come back in 10 years with costs being higher?"

Construction on the Central Valley segment is scheduled to begin in the second half of the year.back

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